

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

THIS SETTLEMENT AGREEMENT (the "Agreement") is made and entered into by and between Minnesota Department of Employment and Economic Development, and Shawntera Hardy in her capacity as Commissioner of the Minnesota Department of Employment and Economic Development ("DEED"); and EMERGE Community Development, a Minnesota non-profit corporation ("EMERGE"); and EMERGE's sub-grantees Minneapolis Urban League, Sabathani Community Center, Stairstep Foundation, and Minneapolis Public Schools ("Sub-Grantees"), as follows:

WHEREAS, in 2016, the Minnesota State Legislature appropriated funds to DEED to administer and monitor a grant to EMERGE in the amount of \$4,250,000 for fiscal year 2017, and \$1,000,000 for fiscal year 2018 ("Equity Grant"). 2016 Minn. Laws ch. 189, art. 12, sec. 2, subd. 2(e).

WHEREAS, in 2016, the Minnesota State Legislature appropriated funds to DEED to administer and monitor a grant to EMERGE in the amount of \$1,000,000 for fiscal year 2019 ("2019 Tail"). 2016 Minn. Laws ch. 189, art. 12, sec. 2, subd. 2(e).

WHEREAS, in furtherance of the Equity Grant, DEED and EMERGE executed a Master Grant Agreement and Project Specific Plans ("Grant Contracts").

WHEREAS, EMERGE engaged Minneapolis Urban League, Sabathani Community Center, Stairstep Foundation, and Minneapolis Public Schools as Sub-Grantees under the Equity Grant. EMERGE and its Sub-Grantees collectively are known and referred herein as the Unity Opportunity Collaborative ("UOC").

WHEREAS, following a monitoring visit, DEED suspended payment under the Grant Contracts on September 1, 2017 and proceeded with a financial compliance review.

WHEREAS, EMERGE filed suit against DEED in Ramsey County District Court (Court File No. 62-CV-18-1256) alleging breach of contract and requesting injunctive relief.

WHEREAS, DEED filed a counterclaim in the Ramsey County District Court action (Court File No. 62-CV-18-1256) against EMERGE for expenses it deemed disallowed under the Grant Contracts.

WHEREAS, this Agreement does not constitute an admission by DEED, EMERGE, or any Sub-Grantee of any wrongdoing, or of the merits of any claim or defense.

WHEREAS, in lieu of the expense and time involved in further litigation, the parties have agreed to the resolution, compromise and settlement of all disputes, claims and controversies between DEED and the UOC related to the Equity Grant as provided herein.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged the parties agree as follows:

1. EMERGE and DEED agree to dismissal of the Ramsey County District Court (Court File No. 62-CV-18-1256) with prejudice, with each party to bear its own costs and fees. EMERGE and DEED will execute a stipulation effectuating the dismissal immediately following full execution of this Settlement Agreement as described in Paragraph 15 of this Settlement Agreement. DEED will file the stipulation with the Court within seven (7) days of issuing the payment described in Paragraph 2 of this Settlement Agreement.
2. DEED will issue payment in the amount of \$700,000.00 to EMERGE, to be shared proportionally amongst EMERGE and the Sub-Grantees, within fourteen (14) days of execution by all parties to this Settlement Agreement as described in Paragraph 15 of the Settlement Agreement.
3. EMERGE and the Sub-Grantees forfeit any and all claims, suits, actions, charges, demands, present and future, known or unknown, both legal and equitable in any manner, to any further funds from DEED under the Equity Grant appropriation and Grant Contracts. No forfeiture is made as to the 2019 Tail and New Grant Agreement described in Paragraph 4 of this Settlement Agreement or any subsequent grant agreements outside the scope of this Settlement Agreement as described herein.
4. DEED and EMERGE will enter into a new grant agreement (New Grant Agreement) for the \$1,000,000.00 2019 Tail, on a reimbursement basis, for work to commence July 1, 2019. The New Grant Agreement will be subject to all Minnesota laws, regulations, rules, and policies usually applicable to Minnesota state grant agreements.
5. EMERGE and any Sub-Grantee who will receive funds under the 2019 Tail grant agreement described in Paragraph 4 of this Settlement Agreement shall receive and complete training from DEED on Workforce One and Minnesota state contracting requirements prior to July 1, 2019.
6. EMERGE, Minneapolis Urban League, Sabathani Community Center, Stairstep Foundation, and Minneapolis Public Schools, including their

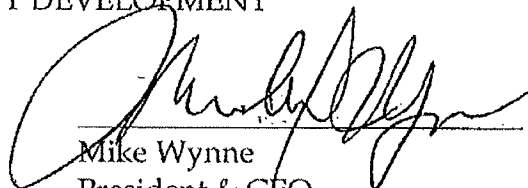
subsidiaries, divisions, affiliates and agents, hereby release and forever discharge DEED from all claims, suits, actions, charges, demands, present and future, known or unknown, both legal and equitable in any manner arising out of the Equity Grant appropriation and Grant Contracts. No release is made as to the 2019 Tail and New Grant Agreement described in Paragraph 4 of this Settlement Agreement.

7. DEED hereby releases and forever discharges EMERGE, Minneapolis Urban League, Sabathani Community Center, Stairstep Foundation, and Minneapolis Public Schools from all claims, suits, actions, charges, demands, present and future, known or unknown, both legal and equitable in any manner arising out of the Equity Grant appropriation and Grant Contracts. No release is made as to the 2019 Tail and New Grant Agreement described in Paragraph 4 of this Settlement Agreement.
8. This Agreement contains the entire agreement between DEED and the UOC, there being no other agreement of any kind, verbal or otherwise, which varies the terms of this agreement. This Agreement constitutes full and final settlement of the Ramsey County District Court (Court File No. 62-CV-18-1256) and all related disputes arising out of the Equity Grant and Grant Contracts between DEED and the UOC.
9. Any disputes regarding the meaning of this Settlement Agreement or actions to enforce this Agreement shall be venued in Ramsey County District Court, St. Paul, Minnesota.
10. All actions required to be taken pursuant to this Settlement Agreement shall be undertaken in accordance with the requirements of applicable local, state and federal laws and regulations.
11. The parties agree that this Settlement Agreement will not be assignable to any party or amended unless all of the parties to this Settlement Agreement agree in writing.
12. EMERGE and each Sub-Grantee hereby acknowledges that it has read, understands, and agrees to this Settlement Agreement and has freely and voluntarily signed it.
13. The persons signing this Settlement Agreement warrant that they have full authority to enter into this Settlement Agreement on behalf of the party that each represents, and that the Settlement Agreement is valid and enforceable as to that party.

14. The parties to this Settlement Agreement understand and agree that the release of information from any DEED file pertaining to this matter, including this Agreement, is governed by Minn. Stat. ch. 13, the Minnesota Government Data Practices Act; Minn. Stat. § 15.17 ("Official Records"), and any other applicable law.
15. The parties agree that this Settlement Agreement may be executed in two or more counterparts, each of which shall constitute an original and binding copy of this Settlement Agreement, albeit one and the same instrument. Executed photocopies of this Agreement shall be as binding as the original. This Settlement Agreement is not effective unless and until all parties to the agreement execute this Settlement Agreement. The Settlement Agreement must be executed by all parties to the Settlement Agreement no later than 11:45 a.m. central standard time on January 7, 2019 or this Settlement Agreement is void and has no effect.


FOR EMERGE COMMUNITY DEVELOPMENT

Dated: January 7, 2019
Time: 10:30 AM


Mike Wynne
President & CEO

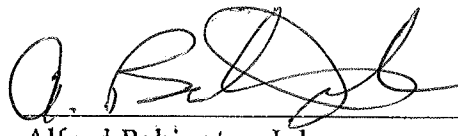
FOR MINNEAPOLIS URBAN LEAGUE

Dated: January 7, 2019
Time: 10:30 AM


Steven Belton
President & CEO

FOR STAIRSTEP FOUNDATION

Dated: January 7, 2019
Time: 10:30 AM


Alfred Babington-Johnson
President & CEO

FOR SABATHANI COMMUNITY CENTER


Cindy Booker
Executive Director

Authorized Representative
Nelsonnz, School Board Chair

Shawntera Hardy
Commissioner

Dated: January ____, 2019

Time: _____

Cindy Booker
Executive Director

FOR MINNEAPOLIS PUBLIC SCHOOLS

Dated: January ____, 2019

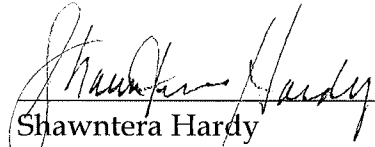
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Authorized Representative

FOR THE MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC
DEVELOPMENT, AND SHAWNTERA HARDY IN HER CAPACITY AS
COMMISSIONER OF THE MINNESOTA DEPARTMENT OF
EMPLOYMENT AND ECONOMIC DEVELOPMENT

Dated: January 7, 2019

Time: 11:34



Shawntera Hardy
Commissioner